SENATE BILL No. 304

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-21-5.2.

Synopsis: Senior citizen property tax credit. Provides a property tax credit payable from the property tax replacement fund to a homestead owner who is at least 65 years of age and whose adjusted gross income is less than $30,000. Makes an appropriation.

Effective: July 1, 2006.

Craycraft

January 9, 2006, read first time and referred to Committee on Tax and Fiscal Policy.

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 304

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-21-5.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 5.2. (a) This section applies to:**

(1) taxable years beginning after December 31, 2005;

(2) credit claims filed after December 31, 2006; and

(3) property taxes first due and payable after December 31, 2007.

(b) The following definitions apply throughout this section:

(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5 for:

(A) an individual; or

(B) an individual and the individual's spouse in the case of a joint adjusted gross income tax return.

(2) "Dwelling" means:

(A) residential real property improvements; or

(B) a mobile home or manufactured home not assessed as real property;

that an individual uses as the individual's residence.

(3) "Homestead" means an individual's principal place of residence that:

(A) is located in Indiana;

(B) the individual:

(i) owns; or

(ii) is buying under a contract requiring the individual to pay the property taxes on the residence; and

(C) consists of a dwelling and any real estate, not exceeding one (1) acre, that immediately surrounds the dwelling.

(4) "Net property tax bill" means the amount of property taxes due and payable by an individual for a calendar year after the application of all deductions and credits, except for the credit allowed under this section, as evidenced by the tax statements prepared and mailed under IC 6-1.1-22-8.

(5) "Qualifying individual" means an individual who:

(A) is at least sixty-five (65) years of age before January 1 of; and

(B) has an adjusted gross income of less than thirty thousand dollars ($30,000) for the taxable year preceding;

the year in which a credit allowed under this section is received.

(c) Each year a qualifying individual may receive a credit against the net property tax bill on the individual's homestead. The amount of the credit to which a qualifying individual is entitled equals the amount determined under STEP FOUR of the following STEPS:

STEP ONE: Determine an amount equal to fifty percent (50%) of the net property tax bill on the homestead for the year.

STEP TWO: Determine the quotient of:

(A) the qualifying individual's adjusted gross income for the preceding taxable year; divided by

(B) thirty thousand dollars ($30,000).

STEP THREE: Determine the product of:

(A) the STEP TWO result; multiplied by

(B) the STEP ONE result.

STEP FOUR: Determine the difference between:

(A) the STEP ONE result; minus

(B) the STEP THREE result.

(d) An individual who desires to claim the credit under this section must file with the auditor of the county in which the

homestead is located a certified statement in duplicate on forms prescribed by the department of local government finance. The statement must be filed during the twelve (12) months before May 11 of the year before the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

(1) The individual's full name and complete address.

(2) A description of the homestead and the number of years that the individual has resided at the homestead.

(3) Proof of the individual's age.

(4) The name of any other county and township in which the individual owns or is buying real property.

(5) The amount of the individual's adjusted gross income.

(6) Any other information requested by the department of local government finance.

(e) If two (2) individuals own a homestead under a tenancy by the entirety and one (1) or both of the individuals meet the eligibility requirements of this section, the individuals together may receive only one (1) credit under this section.

(f) If an individual who receives the credit under this section changes the use of the individual's homestead so that the homestead no longer qualifies for the credit under this section, the individual must file with the auditor of the county in which the homestead is located a certified statement notifying the auditor of the change of use not later than sixty (60) days after the date of the change. An individual who changes the use of the individual's homestead and fails to file the statement required by this subsection is liable for the amount of the credit allowed under this section.

(g) A county auditor with whom a statement is filed under subsection (d) shall immediately prepare and transmit a copy of the statement to the auditor of any other county in which the individual who claims the credit owns or is buying real property. The auditor of the other county shall:

(1) note on the copy of the statement whether the individual has claimed a credit under this section for a homestead located in the other county; and

(2) return the copy to the auditor of the first county.

(h) Upon receiving a proper statement, a county auditor shall:

(1) allow the credit;

(2) apply the credit equally against each installment of property taxes payable in that calendar year; and

(3) include the amount of the credit applied against each installment of taxes on the tax statement required under IC 6-1.1-22-8.

(i) After January 31 and before February 16 of each year, each county auditor shall certify to the department of local government finance the number and amounts of credits allowed under this section for the calendar year. Upon receiving the certifications, the department of local government finance shall determine the total amount of the credits allowed in each county under this section and shall certify the totals to the department when the department of local government finance certifies the total county tax levies. The department shall distribute to each county the amount of credits certified for that county by the department of local government finance at the same time and in the same manner as the department distributes the county's estimated distribution under section 4 of this chapter. The department of local government finance shall allocate funds from the property tax replacement fund to make the distribution required by this subsection.

(j) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus a penalty of ten percent (10%) of the credit to the department of local government finance for deposit in the property tax replacement fund established by section 1 of this chapter.